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Some thoughts on the re-  
structuring of Canadian  
Broadcasting.

Government  
Publications









85 SPARKS ST., OTTAWA 4, CANADA, P.O. BOX 627 STATION B, TEL. 233-4000  
85, RUE SPARKS, OTTAWA 4, CANADA, C.P. 627 STATION B, TEL. 233-4000

OFFICE OF PRESIDENT

CONFIDENTIAL

January 13, 1970.

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-7055

Mr. Pierre Juneau,  
Chairman,  
Canadian Radio-Television Commission,  
100 Metcalfe Street,  
Ottawa, Ontario.

Dear Mr. Juneau:

May I thank you first of all again for the very pleasant luncheon at the Cercle Universitaire.

I find it not only agreeable but also useful to have the opportunity from time to time of discussing with you, in an informal atmosphere, matters of interest to Canadian broadcasting.

With regard to the memorandum which I left with you, entitled "Some thoughts on the re-structuring of Canadian broadcasting", I am now confirming that this paper has received the approval of the Executive Committee of our Association, and I therefore take pleasure in forwarding you thirty copies of this document for distribution as you may wish, within the Commission. The enclosed document is the same as that which I left with you.

I understand that it is now your intention to have the Commission study this position paper with a view to having another meeting shortly of the Consultative Committee, at which we would continue the exchange of ideas initiated at the last meeting.

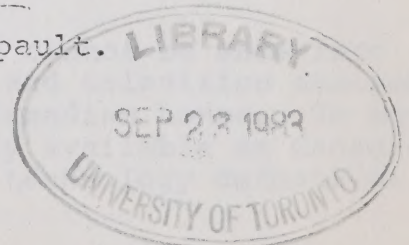
In view of some of the proposals contained in our paper, and in view also of the fact that the April hearing of your Commission will be dealing mainly with CBC operations, you might find it convenient to have the next meeting of the Consultative Committee scheduled for some time at the end of February or early March.

With my best personal regards, I remain,

Sincerely yours,

Raymond Crépault.

RC;edc



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JAN 13 1970

C.R.T.C.

cc'd: F.E.C.  
C.R.T.C.  
P.O. Box  
A.M.





## Some Thoughts on the Re-Structuring of Canadian Broadcasting.

This memorandum is based on the assumption that:

- (a) The objectives of the existing Broadcasting Act are desirable.
- (b) Every possible attempt should be made to achieve them.
- (c) Such achievement requires consideration of practical means for doing that.
- (d) Practicality requires a totally new approach, even to the extent of a re-structuring of the broadcasting system in Canada; and a candid appraisal of fundamentals.

Everyone concerned has always been in a general, although frequently fuzzy or emotional way, aware of the basic nature of the difficulty. This, as simply stated as possible, is the desire to maintain a geographical, political and cultural community known as Canada, in the face of unique difficulties. Some of these have often been re-stated. We suggest that some have not been carefully examined or even generally recognized.

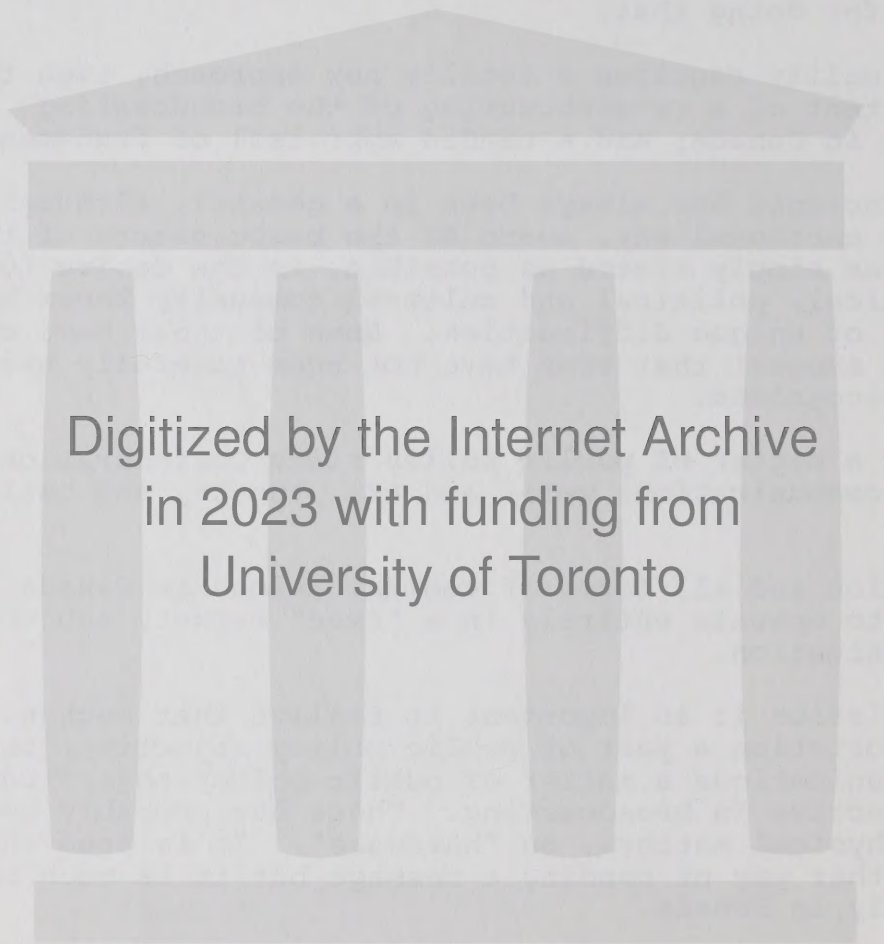
It has been a matter of public policy since Confederation that transportation and communications were, and are, the key and basic elements.

Transportation and all forms of communications in Canada have never been allowed to operate entirely in a "free" market, subject only to economic motivation.

In our submission it is important to realize that mechanics used to make transportation a part of public policy objective; to make point to point communications a matter of public policy objective, are not necessarily effective in broadcasting. There has probably been too great emphasis on physical matters, on "hardware". It is true that broadcasting is another way of sending a message but it is much more than that, especially in Canada.

Railways, airlines and highways can be structured physically so as to operate in an east-west direction and become a "monopoly". However artificial this may be in economic terms, it becomes practical in terms of convenience and acceptability. There is no reason for Canadians to be tempted, at least on east-west journeys, to use United States transportation facilities.

But broadcasting is vastly different. It cannot be made into a monopoly. The signals of United States' radio and television stations can, and do, reach into a substantial number of Canadian homes. In many of those homes they are as easily and conveniently available as Canadian signals. There can be no exclusivity in fact; technology defeats at the outset any east-west "monopoly".



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And the basic but forgotten factor is this: A large part of broadcasting is entertainment. Many people look to it for that function, some of them primarily, some exclusively. And all broadcasting that is effective - even news and documentaries - must be "entertaining". We could not assume that "entertainment" and "escapist" are always the same.

In our view, nobody asked the right question until October of 1969. When the Chairman of the CRTC did it: "Can we break out of the Hollywood mould?"

Although asked of Canadians, the question is valid for the entire Western world. For reasons never satisfactorily explained, and we suspect they are not totally economic, the United States has dominated the "entertainment" industry throughout the Twentieth Century.

Only a handful of people have grasped the fundamental truth that "entertainment" is the most effective method of transmitting cultural values, ideas, beliefs and ideals. In a day when books were a prime source of entertainment, Charles Dickens did more for social reform, through his writings, than all the sermons, editorials, speeches and other non-entertainment exhortations could possibly have done in twice the time. The history of every nation abounds with similar examples. The book, the play, the song, is more effective than the tract or the sermon.

The philosopher who said "If I can write a nation's music, I care not who makes its laws" understood more about human beings and what moves them, and why they react, than all the pundits, politicians and pragmatists put together. Logic may be the friend of reason, but it has rarely demonstrated any power to move mankind to action or to shape events, or institutions, or cultures.

Hollywood may have felt it was providing "only" entertainment, and rarely had any other objective. Nonetheless, its offerings have probably done more than any other single factor to shape the feelings, the desires, the reactions of the Twentieth Century Western world.

That impact is recognized by informed and thoughtful observers, even in countries which, unlike our own, already had a long-established tradition and culture; whose sole language is different, and above all, who are geographically very far away.

The impact in these countries came only by way of the motion picture, either in the original English or with the local language dubbed. Later, it came to them by way of television in the same fashion. Not that it was physical import, not direct signal import.

In Canada, the Hollywood influence was felt, not only in motion picture houses but before the advent of television, in radio broadcasting, the way of signals received directly from the United States and otherwise. Thus, the Hollywood influence was greatest on the country most exposed, the most susceptible, least able to resist.

The question "Can the Hollywood mould be replaced?" is probably important to every nation in Western civilization. In English language Canada, it is a question of the national identity.





Yet, curiously, countries other than Canada recognized what was at issue more quickly and effectively. Many of them took countermeasures, deliberately designed as "hot-house" aids to the production of indigenous entertainment. The money and effort went to product, not to ware.

Perhaps simply because the Canadian cultural identity is younger and less firmly established than those of the European and Asiatic countries, the real nature of the problem appears not yet understood here. Often, Canadians have reacted as if anger, scolding, or more hardware would solve a problem that requires practical aids to large scale local action.

If our Parliament and our people really want to create and maintain a truly indigenous, distinctive Canadian culture, public policy must be shaped to consciously aid and assist that kind of development in practical terms.

It is not enough to state objectives, however desirable, and to leave nothing further is required. Desire alone is not enough. Objectives cannot be fully realized within the normal economic or "market-economy" framework by an industry not allowed to operate within it - and cannot when it is one for which specific public policy objectives have been assigned.

The CRTC, the CBC and the private broadcasters are fully aware of the fact that broadcasting in Canada is a chosen instrument of public policy. They have endeavoured to shape their courses of action accordingly. Usually every other element in the community assumes that broadcasting is merely another industry like all the rest and shapes its various policies in directions which, no matter how well-intentioned, are often contradictory.

It is pertinent to ask: Would there have been a Canadian transportation system if the railways had not been provided with land grants and other substantial subsidies; if road building had not been economically encouraged and subsidized; if the State had not provided official protection to the airlines; would Canadian news services have developed as quickly and effectively without special assistance?

It may be worth remembering that at one time the line costs of fledgling Canadian Press between Sudbury and Winnipeg were subsidized by the Canadian government; that the newspapers received special mailing rates; and that they still receive special depreciation allowances on their printing presses. The newspaper industry received in some cases still receives free or reduced transportation rates and special transmission rates - none of this available to the private broadcasting industry.

Nor was there ever serious discussion of the technique adopted in some Latin American countries (where some thin element of protection exists in the language barrier) of special income tax concessions to broadcasting stations.







Quite the contrary. Having demanded of the broadcasting industry that it serve public policy objectives, admittedly desirable and desired, its own expense, public authority frequently went out of its way not to assist, not even to remain neutral, but to impose additional barriers and handicaps.

We do not suggest that the broadcasting industry be subsidized or even special treatment of any kind as an industry.

We do suggest that public authority really has two choices: It can decide that broadcasting has no special obligations, is no longer a chosen instrument of public policy, and is therefore free to operate in the normal free enterprise market. Or, it can decide that the special circumstances which make exceptionally difficult the creation of a distinctive Canadian identity and which require special assistance to the creation of program material, be given that assistance. The end result would enable the private sector of broadcasting to serve more efficiently as a chosen instrument of public policy.

We wish to emphasize the point. Private broadcasting can survive, probably in a different form, in a free and competitive market, if it is required to serve as an instrument of public policy.

As an instrument of public policy, however, it is surely entitled to have some indication that public authority is prepared to pay the price of Canadianism in the field of cultural development, as it has been in other areas.

It is within that framework that we put forward for thought and consideration these possibilities and these questions:

The first question that arises is the structure of the Canadian broadcasting system.

When the State first decided that broadcasting should become part of its arsenal for the protection of the Canadian identity, it naturally tended, because of its previous experience with transportation, to think in physical terms. Then too, Canadians at that time confronting a new problem looked to Britain for examples.

The result was the Canadian Broadcasting Corporation. It is no accident that in the early years the phrase "national system" was a collection of physical-link thinking, it meant "nation-wide". The phrase did not acquire its present connotation until later.

By parallel with transportation problems, the thinking was largely in physical terms, rather than content. Moreover, it was then established government policy that the Canadian Broadcasting Corporation should absorb all the then existing privately-owned broadcasting stations as soon as time and money permitted. Meantime, privately-owned stations were to be temporary physical extensions of the Corporation's "national system". In spite of the fact that this policy, for a variety of reasons, did not work out in practice, it was not formally abandoned until 1957.







When it is realized that the essence of the problem is content, more than physical linkage, and when it is considered in light of today's circumstances, the question immediately arises as to whether or not expenditures made by the public authority through the Canadian Broadcasting Corporation still represent the most effective means of achieving the desired objectives.

It is not the private broadcasters who have called into question the validity of this arrangement, but others - many of these not friendly to the Corporation as an organization; some of them in favour of the political principle it represents.

The next inevitable question is this: If these expenditures can be more efficiently utilized - in what way?

Which brings us to our first area of re-structuring, for consideration.

Should there be a program production pool, deliberately designed to encourage production of Canadian-oriented material?

Would there be value in creating a Canadian Program Production Corporation? Its financing would consist of (a) \$50,000,000.00 annually, diverted from amounts now paid the Canadian Broadcasting Corporation\*; (b) The entire annual budget of the National Film Board (\$15,000,000) which would be merged with this new corporation; (c) Funds available to the Canadian Film Development Corporation (estimated to be \$10,000,000) which would also be merged with this new corporation; (d) The transmitter licence fees paid by the privately-owned stations (approximately \$10,000,000.00); (e) Any additional funds that any private source wishes to put in. This would include grants from foundations; it would include licences put up for specific production or on a co-production basis, on a continuing or per-program arrangement; (f) Retention in Canada for payment to this new corporation of 15% of amounts derived from the sale, rental, lease or exhibition in Canada of any program material imported from abroad, wherever used in Canada.

This would guarantee The Canadian Program Production Corporation a minimum income of \$75,000,000 annually. With these funds and any additional monies it was able to obtain, it would be charged with the responsibility of producing Canadian-oriented programs.

Some part of these would be used by radio and television broadcasting stations as a condition of licence. These would be free to lease, rent or purchase additional material upon mutually agreed terms. The material would also be available for sale, lease or rental abroad; and it is to be hoped that additional funds would be derived from that source.

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Were the CBC to continue solely as an agent of the Provinces, operating under Federal authority but with the Provinces responsible for programming, and paying the bulk of the cost, this amount might be substantially increased or an equal amount could be diverted to other uses.





The Canadian Program Production Corporation should have a Board of Directors to act in an administrative capacity. These directors should be appointed by Governor-in-Council.

It should also have a program committee made up of selected representatives of the motion picture, broadcasting and allied industries. The function of this Committee would be to assist in setting broad guidelines for production objectives. As noted earlier in this submission, it is not economics alone that enabled Hollywood to dominate the "entertainment" industry. It was in large part a sure knowledge of the way in which values and messages could be made acceptable.

The Corporation would also make funds available, upon application, to Canadian producers and co-producers for individual programs or series programs.

We come, inevitably, to the distribution of this material. Insofar as this submission is concerned, the matter of distribution will be confined entirely to broadcasting.

The utilization of broadcasting to serve effectively public policy objectives, can be aided by at least these mechanics:

1. An essential element in distribution is linkage. This may be in the form of studio transmitter link; regional networks; national networks. To date, linkage is the only part (and it is an essential part) of the distribution structure that has been largely unregulated.

Achievement of public policy objectives could be greatly facilitated if it were made clear that broadcasters should be permitted to establish line or microwave links of their own between transmitter and studio, between master and re-broadcasting stations, where this is more effective or more efficient or more economic. Where it is not, rates charged for linkage should be established under authority recently granted to the Canadian Transport Commission (and this authority could be transferred to the CRTC), with public policy objectives in mind.

2. The Industrial Development Bank and similar sources of financing should be permitted, indeed encouraged, to extend loans to the broadcasting industry, with rates and terms dictated by a consideration for public policy objectives.

3. The provisions of Section 12 (a) of the Income Tax Act should be extended to include advertising expenditures of the type covered by the section made on United States broadcasting stations.

4. The depreciation rate of 50% granted to newspapers, for various reasons of public policy, should be extended to cover broadcasting stations as well.

Cable transmissions should be regarded as a projection, an extension of public policy objectives. Thus, cable systems would be licensed to broadcasting transmitting undertakings in order to provide Canadian service to geographical areas which might not otherwise receive such service, and to permit the complete and immediate provision of "alternative" services to all areas of Canada.





This combination of arrangements would recognize the practical, fundamental realities of the situation; they would recognize finally that to use a now familiar phrase "The only thing that really matters in broadcasting is programming".

They would represent a realistic attempt to "break out of the Hollywood mould". Perhaps this cannot be done; perhaps the Hollywood mould is after all, the climate of the times.

But, as this submission pointed out at the beginning, we are assuming that all elements of the broadcasting industry, in which we include regulatory agencies, want to have a try at demonstrating that a distinctive Canadian cultural identity can be created. These suggestions point out some practical means of tackling the real issues, in an attempt to translate desire into reality.

The Canadian Association  
of Broadcasters  
l'Association canadienne  
des radiodiffuseurs.

85 Sparks Street,  
Suite 909,  
Box 627, Station B,  
Ottawa 4, Canada.

January 13, 1970.







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